

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 171

BY BUSINESS COMMITTEE

AN ACT

RELATING TO INSURANCE AND TRADE PRACTICES AND FRAUD; AMENDING SECTION 41-1314, IDAHO CODE, TO REPLACE REFERENCES TO AGENTS, SOLICITORS AND BROKERS WITH REFERENCE TO PRODUCERS AND TO PROVIDE THAT A CERTAIN CODE SECTION DOES NOT PROHIBIT CERTAIN INSURERS FROM PROVIDING TO A CONTRACT HOLDER OR PROSPECTIVE CONTRACT HOLDER OF CERTAIN INSURANCE CERTAIN ITEMS OF AN AGGREGATE VALUE OF ONE HUNDRED DOLLARS OR LESS ON A SEMIANNUAL BASIS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 41-1314, Idaho Code, be, and the same is hereby amended to read as follows:

41-1314. REBATES -- ILLEGAL INDUCEMENTS. (1) Except as otherwise expressly provided by law, no person shall knowingly make, permit to be made, or offer to make any contract of insurance, or of annuity, or agreement as to such contract, other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity or in connection therewith, any rebate of premiums payable on the contract, or of any ~~agent's, solicitor's, or broker's~~ producer's commission related thereto, or any special favor or advantage in the dividends or other benefits thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract; or directly or indirectly give, or sell, or purchase or offer or agree to give, sell, purchase, or allow as inducement to such insurance or annuity or in connection therewith, and whether or not specified or to be specified in the policy or contract, any agreement of any form or nature promising returns and profits, or any stocks, bonds, or other securities, or interest present or contingent therein or as measured thereby, of any insurer or other person, or any dividends or profits accrued or to accrue thereon; or offer, promise or give anything of value whatsoever not specified in the contract. Nor shall any insured, annuitant, or policyholder or employee thereof, or prospective insured, annuitant or policyholder, or employee thereof, knowingly accept or receive, directly or indirectly, any such prohibited contract, agreement, rebate, advantage, employment, or other inducement.

(2) Nothing in this section shall be construed as prohibiting the payment of commissions or other compensation to duly licensed ~~agents, solicitors, or brokers~~ producers, or as prohibiting any insurer from allowing or returning to its participating policyholders, members or subscribers, the usual and ordinary dividends, savings, or unabsorbed premium deposits.

(3) Nothing in this section shall be construed as prohibiting a life insurer, disability insurer, property insurer or casualty insurer, or producers who are marketing life insurance, disability insurance, property insur-

1 ance or casualty insurance, from providing to a ~~policyholder~~ contract holder
2 or prospective ~~policyholder~~ contract holder of life, disability, property
3 or casualty insurance, any prizes, goods, wares, merchandise, articles or
4 property of an aggregate value of ~~fifty~~ one hundred dollars (~~\$50.00~~100) or
5 less on a semiannual basis.

6 (4) Extension of credit for the payment of premium beyond the customary
7 premium payment period without charging and collecting interest at a reason-
8 able rate per annum on the amount of credit so extended and for the duration
9 of such credit is prohibited under this section.